



# House of Representatives

General Assembly

**File No. 602**

February Session, 2018

Substitute House Bill No. 5591

*House of Representatives, April 19, 2018*

The Committee on Finance, Revenue and Bonding reported through REP. ROJAS of the 9th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING THE MACHINERY RENTAL SURCHARGE RATE, CERTAIN MUNICIPAL FILING FEES, THE PROPERTY TAX EXEMPTION FOR CERTAIN PAINT MIXING MACHINERY AND EQUIPMENT AND CERTAIN RESIDENTIAL PROPERTY UNDER COMMON OWNERSHIP AND REQUIRING A STUDY OF EXISTING PROPERTY TAX EXEMPTIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-692 of the 2018 supplement to the general  
2 statutes is repealed and the following is substituted in lieu thereof  
3 (*Effective July 1, 2018, and applicable to machinery rented on or after July 1,*  
4 *2018*):

5 (a) For purposes of this section:

6 (1) "Passenger motor vehicle" means a passenger vehicle, which is  
7 rented without a driver and which is part of a motor vehicle fleet of  
8 five or more passenger motor vehicles that are used for rental purposes  
9 by a rental company.

10       (2) "Rental truck" means a (A) vehicle rented without a driver that  
11 has a gross vehicle weight rating of twenty-six thousand pounds or  
12 less and is used in the transportation of personal property but not for  
13 business purposes, or (B) trailer that has a gross vehicle weight rating  
14 of not more than six thousand pounds.

15       (3) "Rental company" means any business entity that is engaged in  
16 the business of renting passenger motor vehicles, rental trucks without  
17 a driver or machinery in this state to lessees and that uses for rental  
18 purposes a motor vehicle fleet of five or more passenger motor  
19 vehicles, rental trucks or pieces of machinery in this state, but does not  
20 mean any person, firm or corporation that is licensed, or required to be  
21 licensed, pursuant to section 14-52, (A) as a new car dealer, repairer or  
22 limited repairer, or (B) as a used car dealer that is not primarily  
23 engaged in the business of renting passenger motor vehicles or rental  
24 trucks without a driver in this state to lessees. "Rental company" does  
25 not include a business entity with total annual rental income,  
26 excluding retail or wholesale sales of rental equipment, that is less than  
27 fifty-one per cent of the total revenue of the business entity in a given  
28 taxable year.

29       (4) "Lessee" means any person who leases a passenger motor  
30 vehicle, rental truck or machinery from a rental company for such  
31 person's own use and not for rental to others.

32       (5) "Machinery" means all equipment owned by a rental company.

33       (b) (1) A rental company may charge a lessee individually itemized  
34 charges or other fees pursuant to a rental agreement, including, but not  
35 limited to, a vehicle cost recovery fee, airport access fee or airport  
36 concession fee on each passenger motor vehicle or rental truck rented  
37 within the state by a rental company to a lessee for a period of less  
38 than thirty-one days. If the rental company charges a lessee a vehicle  
39 cost recovery fee for a passenger motor vehicle or rental truck, such fee  
40 shall (A) represent the rental company's estimate of the annual costs  
41 for any required licensing, titling, registration, tax or inspection of, or  
42 number plates for, such vehicle or truck, prorated to a daily rate, and

43 (B) be described in the terms and conditions of the rental agreement as  
44 the estimated average per day cost incurred by the rental company to  
45 license, title, register, obtain number plates and inspect its passenger  
46 motor vehicle or rental truck and to pay any taxes owed on such  
47 vehicle or truck.

48 (2) If the total amount of the vehicle cost recovery fees collected by a  
49 rental company under this subsection in any calendar year exceeds  
50 such company's actual costs to license, title, register, obtain number  
51 plates and inspect its passenger motor vehicles or rental trucks and  
52 pay any taxes owed on such vehicles or trucks, the rental company  
53 shall retain the excess amount and reduce its estimated costs to license,  
54 title, register, obtain number plates and inspect each passenger motor  
55 vehicle or rental truck and to pay any taxes owed on such vehicle or  
56 truck the following calendar year, by an amount equivalent to the  
57 excess amount. Nothing in this subsection shall be construed to  
58 prohibit a rental company from adjusting the amount of vehicle  
59 recovery fees charged during any calendar year.

60 (c) Any charge or fee imposed under subsection (b) of this section  
61 shall be imposed on the total amount the rental company charges the  
62 lessee for the rental of a motor vehicle. Any such charge or fee shall be  
63 in addition to any tax otherwise applicable to any such transaction and  
64 shall be includable in the measure of the sales and use taxes imposed  
65 under chapter 219.

66 (d) There is hereby imposed a [one and one-half] two and three-  
67 quarters per cent surcharge on machinery rented within the state by a  
68 rental company to a lessee for a period of less than three hundred  
69 sixty-five days or under an open-ended contract for an undefined  
70 period of time. The rental surcharge shall be imposed on the total  
71 amount the rental company charges the lessee for the rental of the  
72 machinery. Such surcharge shall be in addition to any tax otherwise  
73 applicable to any such transaction, and shall be includable in the  
74 measure of the sales and use taxes imposed under chapter 219.

75 (e) Reimbursement for any charge, fee or rental surcharge imposed

76 pursuant to subsections (b) to (d), inclusive, of this section shall be  
77 collected by the rental company from the lessee and such  
78 reimbursement shall be paid by the lessee to the rental company. Each  
79 rental company shall collect from the lessee the full amount of the  
80 charge, fee or rental surcharge imposed by said subsections (b) to (d),  
81 inclusive. Such charge, fee or rental surcharge shall be a debt from the  
82 lessee to the rental company, when so added to the original lease or  
83 rental price, and shall be recoverable at law in the same manner as  
84 other debts. The rental contract shall separately indicate the charge or  
85 fee imposed on each passenger motor vehicle or rental truck or the  
86 rental surcharge imposed on each piece of machinery. The rental  
87 surcharge imposed under subsection (d) of this section shall, subject to  
88 the provisions of subsection (f) of this section, be retained by the rental  
89 company.

90 (f) (1) (A) On or before February 15, 1997, and the fifteenth of  
91 February annually thereafter prior to February 15, 2019, each rental  
92 company shall file a consolidated report with the Commissioner of  
93 Revenue Services detailing the aggregate amount of personal property  
94 tax that is actually paid by such company to a Connecticut  
95 municipality or municipalities during the preceding calendar year on  
96 passenger motor vehicles, rental trucks or pieces of machinery that are  
97 used for rental purposes by such company, the aggregate amount of  
98 registration and titling fees that are actually paid by such company to  
99 the Department of Motor Vehicles of this state during the preceding  
100 calendar year on passenger motor vehicles, rental trucks or pieces of  
101 machinery that are used for rental purposes by such company and the  
102 aggregate amount of the rental surcharge that is actually received,  
103 pursuant to this section, by such company during the preceding  
104 calendar year on passenger motor vehicles, rental trucks or pieces of  
105 machinery that are used for rental purposes by such company. The  
106 report shall also show such other information as the commissioner  
107 deems necessary for the proper administration of this section.

108 (B) On or before February 15, 1997, and the fifteenth of February  
109 annually thereafter prior to February 15, 2019, each rental company

110 shall remit to the Commissioner of Revenue Services for deposit in the  
111 General Fund, the amount by which the aggregate amount of the  
112 rental surcharge actually received by such company on such vehicles  
113 or machinery during the preceding calendar year exceeds the sum of  
114 the aggregate amount of property taxes actually paid by such company  
115 on such vehicles or machinery to a Connecticut municipality or  
116 municipalities during the preceding calendar year and the aggregate  
117 amount of registration and titling fees actually paid by such company  
118 on such vehicles or machinery to the Department of Motor Vehicles of  
119 this state during the preceding calendar year.

120 (C) For purposes of this subdivision, in the case of any rental  
121 company that leases a passenger motor vehicle, rental truck or piece of  
122 machinery from another person and that uses such vehicle or  
123 machinery for rental purposes and such lease requires such rental  
124 company to pay the registration and titling fees and the property taxes  
125 to such other person, the rental company shall include (i) in the  
126 aggregate amount of registration and titling fees actually paid by such  
127 rental company to the Department of Motor Vehicles of this state, any  
128 such registration and titling fees actually paid by such rental company  
129 to such other person on such passenger motor vehicle, rental truck or  
130 piece of machinery, and (ii) in the aggregate amount of property taxes  
131 actually paid by such rental company to a Connecticut municipality or  
132 municipalities, any such property taxes actually paid by such rental  
133 company to such other person on such passenger motor vehicle or  
134 vehicles, rental truck or trucks or one or more pieces of machinery.

135 (2) (A) On or before February 15, 2019, and the fifteenth of February  
136 annually thereafter, each rental company shall file a consolidated  
137 report with the Commissioner of Revenue Services detailing the  
138 aggregate amount of personal property tax that is actually paid by  
139 such company to a Connecticut municipality or municipalities during  
140 the preceding calendar year on pieces of machinery that are used for  
141 rental purposes by such company, the aggregate amount of  
142 registration and titling fees that are actually paid by such company to  
143 the Department of Motor Vehicles of this state during the preceding

144 calendar year on pieces of machinery that are used for rental purposes  
145 by such company and the aggregate amount of the rental surcharge  
146 that is actually received, pursuant to this section, by such company  
147 during the preceding calendar year on pieces of machinery that are  
148 used for rental purposes by such company. The report shall also show  
149 such other information as the commissioner deems necessary for the  
150 proper administration of this section.

151 (B) On or before February 15, 2019, and the fifteenth of February  
152 annually thereafter, each rental company shall remit to the  
153 Commissioner of Revenue Services for deposit in the General Fund,  
154 the amount by which the aggregate amount of the rental surcharge  
155 actually received by such company on such machinery during the  
156 preceding calendar year exceeds the sum of the aggregate amount of  
157 property taxes actually paid by such company on such machinery to a  
158 Connecticut municipality or municipalities during the preceding  
159 calendar year and the aggregate amount of registration and titling fees  
160 actually paid by such company on such machinery to the Department  
161 of Motor Vehicles of this state during the preceding calendar year.

162 (C) For purposes of this subdivision, in the case of any rental  
163 company that leases a piece of machinery from another person and  
164 that uses such machinery for rental purposes and such lease requires  
165 such rental company to pay the registration and titling fees and the  
166 property taxes to such other person, the rental company shall include  
167 (i) in the aggregate amount of registration and titling fees actually paid  
168 by such rental company to the Department of Motor Vehicles of this  
169 state, any such registration and titling fees actually paid by such rental  
170 company to such other person on such piece of machinery, and (ii) in  
171 the aggregate amount of property taxes actually paid by such rental  
172 company to a Connecticut municipality or municipalities, any such  
173 property taxes actually paid by such rental company to such other  
174 person on one or more pieces of machinery.

175 (g) Any person who fails to pay any amount required to be paid to  
176 the Commissioner of Revenue Services under this section within the

177 time required shall pay a penalty of fifteen per cent of such amount or  
178 fifty dollars, whichever amount is greater, in addition to such amount,  
179 plus interest at the rate of one per cent per month or fraction thereof  
180 from the due date of such amount until the date of payment. Subject to  
181 the provisions of section 12-3a, the commissioner may waive all or any  
182 part of the penalties provided under this section when it is proven to  
183 the satisfaction of the commissioner that the failure to pay any amount  
184 required to be paid to the commissioner was due to reasonable cause  
185 and was not intentional or due to neglect.

186 (h) The Commissioner of Revenue Services for good cause may  
187 extend the time for making any report and paying any amount  
188 required to be paid to the commissioner under this section if a written  
189 request therefor is filed with the commissioner together with a  
190 tentative report which shall be accompanied by a payment of any  
191 amount tentatively believed to be due to the commissioner, on or  
192 before the last day for filing the report. Any person to whom an  
193 extension is granted shall pay, in addition to the amount required to be  
194 paid, interest at the rate of one per cent per month or fraction thereof  
195 from the date on which such amount would have been due without  
196 the extension until the date of payment.

197 (i) The provisions of sections 12-548 to 12-554, inclusive, and section  
198 12-555a shall apply to the provisions of this section in the same manner  
199 and with the same force and effect as if the language of said sections  
200 12-548 to 12-554, inclusive, and section 12-555a had been incorporated  
201 in full into this section, except to the extent that any provision is  
202 inconsistent with a provision in this section, and except that the term  
203 "tax" shall be read as "charge, fee or rental surcharge".

204 Sec. 2. (*Effective from passage*) The Secretary of the Office of Policy  
205 and Management shall conduct a study of existing property tax  
206 exemptions. Such study shall include an analysis of such exemptions  
207 on a cost-benefit and a community-benefit basis. Not later than  
208 January 1, 2019, said secretary shall submit such study, in accordance  
209 with the provisions of section 11-4a of the general statutes, to the joint

210 standing committees of the General Assembly having cognizance of  
211 matters relating to finance, revenue and bonding and municipalities.

212 Sec. 3. Subdivision (78) of section 12-81 of the 2018 supplement to  
213 the general statutes is repealed and the following is substituted in lieu  
214 thereof (*Effective July 1, 2018*):

215 (78) Machinery and equipment (A) used in the process of coloring or  
216 mixing paint, including, but not limited to, spectrographic color  
217 matching machines, automatic colorant dispensers, paint shakers, and  
218 computer equipment related to such machinery and equipment, and  
219 (B) used by retailers that offer paint for sale at retail in this state. Any  
220 person claiming the exemption provided under this subdivision shall,  
221 not later than November first, file a request with the assessor on a form  
222 prescribed by such assessor.

223 Sec. 4. Section 30-53 of the general statutes is repealed and the  
224 following is substituted in lieu thereof (*Effective July 1, 2018*):

225 Each permit granted or renewed by the Department of Consumer  
226 Protection shall be of no effect until a duplicate thereof has been filed  
227 by the permittee with the town clerk of the town within which the club  
228 or place of business described in such permit is situated; provided the  
229 place of filing of railroad and boat permits shall be the office of the  
230 town clerk of the town of New Haven, and airline permits, the office of  
231 the town clerk of the town of Hartford. The fee for such filing shall be  
232 [two] twenty dollars.

233 Sec. 5. Subdivision (1) of subsection (a) of section 7-34a of the 2018  
234 supplement to the general statutes is repealed and the following is  
235 substituted in lieu thereof (*Effective July 1, 2018*):

236 (a) (1) Town clerks shall receive, for recording any document, ten  
237 dollars for the first page and five dollars for each subsequent page or  
238 fractional part thereof, a page being not more than eight and one-half  
239 by fourteen inches. Town clerks shall receive, for recording the  
240 information contained in a certificate of registration for the practice of



241 any of the healing arts, five dollars. Town clerks shall receive, for  
242 recording documents conforming to, or substantially similar to, section  
243 47-36c, which are clearly entitled "statutory form" in the heading of  
244 such documents, as follows: For the first page of a warranty deed, a  
245 quitclaim deed, a mortgage deed, or an assignment of mortgage, ten  
246 dollars; for each additional page of such documents, five dollars; and  
247 for each assignment of mortgage, subsequent to the first two  
248 assignments, two dollars. Town clerks shall receive, for recording any  
249 document with respect to which certain data must be submitted by  
250 each town clerk to the Secretary of the Office of Policy and  
251 Management in accordance with section 10-261b, two dollars in  
252 addition to the regular recording fee. Any person who offers any  
253 written document for recording in the office of any town clerk, which  
254 document fails to have legibly typed, printed or stamped directly  
255 beneath the signatures the names of the persons who executed such  
256 document, the names of any witnesses thereto and the name of the  
257 officer before whom the same was acknowledged, shall pay one dollar  
258 in addition to the regular recording fee. Town clerks shall receive, for  
259 recording any deed, except a mortgage deed, conveying title to real  
260 estate, which deed does not contain the current mailing address of the  
261 grantee, five dollars in addition to the regular recording fee. Town  
262 clerks shall receive, for filing any document, [five] ten dollars; for  
263 receiving and keeping a survey or map, legally filed in the town clerk's  
264 office, [five] ten dollars; and for indexing such survey or map, in  
265 accordance with section 7-32, [five] ten dollars, except with respect to  
266 indexing any such survey or map pertaining to a subdivision of land as  
267 defined in section 8-18, in which event town clerks shall receive  
268 [fifteen] twenty dollars for each such indexing. Town clerks shall  
269 receive, for a copy, in any format, of any document either recorded or  
270 filed in their offices, one dollar for each page or fractional part thereof,  
271 as the case may be; for certifying any copy of the same, two dollars; for  
272 making a copy of any survey or map, the actual cost thereof; and for  
273 certifying such copy of a survey or map, two dollars. Town clerks shall  
274 receive, for recording the commission and oath of a notary public, [ten]  
275 twenty dollars; and for certifying under seal to the official character of

276 a notary, [two] five dollars.

277 Sec. 6. Section 7-73 of the general statutes is repealed and the  
278 following is substituted in lieu thereof (*Effective July 1, 2018*):

279 (a) To any person performing the duties required by the provisions  
280 of the general statutes relating to registration of marriages, deaths and  
281 fetal deaths, the following fees shall be allowed: (1) For the license to  
282 marry, [ten] fifteen dollars; and (2) for issuing each burial or removal,  
283 transit and burial permit, three dollars.

284 (b) A [twenty-dollar] thirty-five-dollar surcharge shall be paid to the  
285 registrar for each license to marry in addition to the fee for such license  
286 established pursuant to subsection (a) of this section. The registrar  
287 shall retain one dollar from each such surcharge for administrative  
288 costs and shall forward the remainder, on or before the tenth day of  
289 the month following each calendar quarter, to the Department of  
290 Public Health. The receipts shall be deposited into an account of the  
291 State Treasurer and credited to the General Fund for further credit to a  
292 separate nonlapsing account established by the Comptroller for use by  
293 the Department of Social Services for shelter services for victims of  
294 household abuse in accordance with section 17b-850 and by the  
295 Department of Public Health for rape crisis services funded under  
296 section 19a-2a. Such funds shall be allocated for these purposes by the  
297 Office of Policy and Management in consultation with the  
298 Commissioners of Social Services and Public Health based on an  
299 evaluation of need, service delivery costs and availability of other  
300 funds. The Commissioners of Social Services and Public Health shall  
301 distribute such funds to the recipient organizations in accordance with  
302 such allocations not later than October fifteenth, annually. No such  
303 funds shall (1) be retained by the Office of Policy and Management, the  
304 Commissioner of Social Services or the Commissioner of Public Health  
305 for administrative purposes; or (2) supplant any state or federal funds  
306 otherwise available for such services.

307 Sec. 7. Subsection (b) of section 19a-323 of the general statutes is  
308 repealed and the following is substituted in lieu thereof (*Effective July*

309 1, 2018):

310 (b) If death occurred in this state, the death certificate required by  
311 law shall be filed with the registrar of vital statistics for the town in  
312 which such person died, if known, or, if not known, for the town in  
313 which the body was found. The Chief Medical Examiner, Deputy Chief  
314 Medical Examiner, associate medical examiner, an authorized assistant  
315 medical examiner or other authorized designee shall complete the  
316 cremation certificate, stating that such medical examiner or other  
317 authorized designee has made inquiry into the cause and manner of  
318 death and is of the opinion that no further examination or judicial  
319 inquiry is necessary. The cremation certificate shall be submitted to the  
320 registrar of vital statistics of the town in which such person died, if  
321 known, or, if not known, of the town in which the body was found, or  
322 with the registrar of vital statistics of the town in which the funeral  
323 director having charge of the body is located. Upon receipt of the  
324 cremation certificate, the registrar shall authorize such certificate, keep  
325 such certificate on permanent record, and issue a cremation permit,  
326 except that if the cremation certificate is submitted to the registrar of  
327 the town where the funeral director is located, such certificate shall be  
328 forwarded to the registrar of the town where the person died to be  
329 kept on permanent record. If a cremation permit must be obtained  
330 during the hours that the office of the local registrar of the town where  
331 death occurred is closed, a subregistrar appointed to serve such town  
332 may authorize such cremation permit upon receipt and review of a  
333 properly completed cremation permit and cremation certificate. A  
334 subregistrar who is licensed as a funeral director or embalmer  
335 pursuant to chapter 385, or the employee or agent of such funeral  
336 director or embalmer shall not issue a cremation permit to himself or  
337 herself. A subregistrar shall forward the cremation certificate to the  
338 local registrar of the town where death occurred, not later than seven  
339 days after receiving such certificate. The estate of the deceased person,  
340 if any, shall pay the sum of one hundred fifty dollars for the issuance  
341 of the cremation certificate, provided the Office of the Chief Medical  
342 Examiner shall not assess any fees for costs that are associated with the  
343 cremation of a stillborn fetus. Upon request of the Chief Medical

344 Examiner, the Secretary of the Office of Policy and Management may  
345 waive payment of such cremation certificate fee. No cremation  
346 certificate shall be required for a permit to cremate the remains of  
347 bodies pursuant to section 19a-270a. When the cremation certificate is  
348 submitted to a town other than that where the person died, the  
349 registrar of vital statistics for such other town shall ascertain from the  
350 original removal, transit and burial permit that the certificates required  
351 by the state statutes have been received and recorded, that the body  
352 has been prepared in accordance with the Public Health Code and that  
353 the entry regarding the place of disposal is correct. Whenever the  
354 registrar finds that the place of disposal is incorrect, the registrar shall  
355 issue a corrected removal, transit and burial permit and, after  
356 inscribing and recording the original permit in the manner prescribed  
357 for sextons' reports under section 7-66, shall then immediately give  
358 written notice to the registrar for the town where the death occurred of  
359 the change in place of disposal stating the name and place of the  
360 crematory and the date of cremation. Such written notice shall be  
361 sufficient authorization to correct these items on the original certificate  
362 of death. The fee for a cremation permit shall be [three] five dollars  
363 and for the written notice one dollar. The Department of Public Health  
364 shall provide forms for cremation permits, which shall not be the same  
365 as for regular burial permits and shall include space to record  
366 information about the intended manner of disposition of the cremated  
367 remains, and such blanks and books as may be required by the  
368 registrars.

369 Sec. 8. Section 12-62r of the general statutes is repealed and the  
370 following is substituted in lieu thereof (*Effective July 1, 2018, and*  
371 *applicable to assessment years commencing on or after October 1, 2017*):

372 (a) For the purposes of this section:

373 (1) "Apartment property" means a building containing four or more  
374 dwelling units used for human habitation, the parcel of land on which  
375 such building is situated, and any accessory buildings or other  
376 improvements located on such parcel;

377 (2) "Residential property" means (A) a building containing three or  
378 fewer dwelling units used for human habitation, the parcel of land on  
379 which such building is situated, and any accessory buildings or other  
380 improvements located on such parcel, (B) common interest  
381 communities, as defined in section 47-202, or (C) condominiums, as  
382 defined in section 47-68a, that are used for residential purposes, except  
383 that, if four or more units of a common interest community or four or  
384 more units of a condominium are under common ownership, such  
385 units shall not be considered residential property;

386 (3) "Base year" means the assessment year commencing October 1,  
387 2010;

388 (4) "Adjusted tax levy" means the total amount of taxes raised by  
389 taxation in a fiscal year by a municipality; [and]

390 (5) "Owner-occupied residential property" means a dwelling unit in  
391 a residential property that is occupied as a primary residence by the  
392 owner of the property; and

393 (6) "Common ownership" means that more than fifty per cent of the  
394 voting control of a unit in a common interest community, as defined in  
395 section 47-202, or a unit in a condominium, as defined in section 47-  
396 68a, is (A) directly owned by a common owner or owners, either  
397 corporate or noncorporate, or (B) indirectly owned, as determined in  
398 accordance with Section 318 of the Internal Revenue Code of 1986, or  
399 any subsequent corresponding internal revenue code of the United  
400 States, as amended from time to time, by a common owner or owners,  
401 either corporate or noncorporate.

402 (b) Notwithstanding any provision of the general statutes or any  
403 special act, municipal charter or any home rule ordinance, any  
404 municipality in which the provisions of section 12-62n were effective  
405 for the assessment year commencing October 1, 2010, shall make  
406 annual adjustments to the assessment rate charged to apartment and  
407 residential property in accordance with the provisions of this section,  
408 but in no event shall the assessment rate for any class of property be in

409 excess of seventy per cent.

410 (c) For the assessment year commencing October 1, 2011, in any  
411 municipality that adopts the property tax system under this section,  
412 apartment property shall be assessed at a rate of fifty per cent. For  
413 assessment years commencing on and after October 1, 2012, the  
414 assessor shall determine a rate of assessment for apartment property  
415 that will have the effect of phasing in proportionate increases in the  
416 rate so that, by the assessment year commencing October 1, 2015, the  
417 assessment rate for apartment property shall be seventy per cent.

418 (d) In any municipality that adopts the property tax system under  
419 this section, for the assessment year commencing October 1, 2011, and  
420 only for said assessment year, the assessor shall determine a rate of  
421 assessment for residential property that will have the effect of  
422 increasing the average property tax for residential property as a result  
423 of revaluation by three and one-half per cent over the property tax for  
424 such property class in the base year, but in no event shall the  
425 assessment rate be less than twenty-three per cent. For assessment  
426 years commencing on and after October 1, 2011, the assessor shall then  
427 calculate an adjustment to the rate of assessment for residential  
428 property in accordance with subsection (e) of this section.

429 (e) Not later than January thirty-first or the completion of the grand  
430 list, whichever is later, the assessor shall annually calculate the  
431 residential assessment ratio. The assessor shall first adjust the adjusted  
432 tax levy for the preceding fiscal year in accordance with any change in  
433 the consumer price index for all urban consumers in the northeast  
434 region in the preceding fiscal year, as reported generally in February  
435 for the year-over-year January index. If, after such adjustment, (1) the  
436 adjusted tax levy in the current fiscal year exceeds the adjusted tax  
437 levy in the prior fiscal year by more than one hundred per cent of the  
438 rate of inflation, as determined in accordance with such consumer  
439 price index, the assessor, in his or her calculation of the assessment  
440 ratios for the next grand list, shall increase the rate of assessment for  
441 residential properties from the prior grand list year by five per cent; (2)

442 the adjusted tax levy in the current fiscal year exceeds the adjusted tax  
443 levy in the prior fiscal year by more than fifty per cent, but not more  
444 than one hundred per cent, of such rate of inflation, the assessor shall  
445 increase such rate of assessment by three and one-half per cent; (3) the  
446 adjusted tax levy in the current fiscal year exceeds the adjusted tax  
447 levy in the prior fiscal year by not more than fifty per cent of such rate  
448 of inflation, the assessor shall increase such rate of assessment by two  
449 and one-half per cent; (4) the adjusted tax levy in the current fiscal year  
450 is equal to the adjusted tax levy in the prior fiscal year, or is less than  
451 one-half per cent less than the adjusted tax levy in the prior fiscal year,  
452 the assessor shall increase such rate of assessment by one and one-half  
453 per cent; and (5) the adjusted tax levy in the current fiscal year is less  
454 than the adjusted tax levy in the prior fiscal year by at least one-half  
455 per cent, the assessor shall make no change in such rate of assessment.

456 (f) For assessment years commencing on and after October 1, 2016,  
457 any municipality that adopts the property tax system under this  
458 section may, by vote of its legislative body, enact an ordinance to  
459 establish a program to encourage homeownership by adjusting the  
460 annual assessment rate for nonowner-occupied residential properties  
461 so that, while the annual assessment rate for owner-occupied  
462 residential properties shall be calculated at all times in accordance with  
463 subsection (e) of this section, the annual assessment rate for nonowner-  
464 occupied residential properties shall be calculated at a rate that shall  
465 keep the annual assessment rate for owner-occupied residential  
466 properties lower than that of nonowner-occupied residential  
467 properties. Any ordinance enacted pursuant to this subsection may be  
468 amended only in a year in which such municipality conducts a  
469 revaluation of real property pursuant to section 12-62.

470 (g) Not later than June fifteenth in any year in which the adjusted  
471 tax levy in the current fiscal year increases by more than two and six-  
472 tenths per cent over the adjusted tax levy in the prior fiscal year, one  
473 per cent of the total number of electors of such municipality may  
474 petition in writing for a referendum on the budget establishing such  
475 increase. Any such referendum shall be held not more than ten days

476 after receipt of such petition by the town clerk and shall be conducted  
 477 in accordance with the provisions of chapter 90. Such budget shall not  
 478 become effective unless a majority of the electors voting in such  
 479 referendum vote in favor thereof. Only one referendum may be held,  
 480 and, if the vote is against the budget, such municipality shall so adjust  
 481 the budget as to limit any increase to be equal to or less than two and  
 482 six-tenths per cent.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2018, and applicable to machinery rented on or after July 1, 2018</i>	12-692
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>July 1, 2018</i>	12-81(78)
Sec. 4	<i>July 1, 2018</i>	30-53
Sec. 5	<i>July 1, 2018</i>	7-34a(a)(1)
Sec. 6	<i>July 1, 2018</i>	7-73
Sec. 7	<i>July 1, 2018</i>	19a-323(b)
Sec. 8	<i>July 1, 2018, and applicable to assessment years commencing on or after October 1, 2017</i>	12-62r

**Statement of Legislative Commissioners:**

In Section 8(a)(6), "of the owner of a" was changed to "of a unit in a", ", as defined in section 47-202," and ", as defined in section 47-68a," were inserted and "condominium unit" was changed to "unit in a condominium" for clarity.

**FIN**            *Joint Favorable Subst.*



The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### ***OFA Fiscal Note***

#### ***State Impact:***

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 19 \$</b>	<b>FY 20 \$</b>
Policy & Mgmt., Off.	GF - Potential Cost	Up to \$150,000	None
Revenue Serv., Dept.	GF - Revenue Gain	None	Approx. \$100,000
Public Health, Dept.	GF - Revenue Gain	Approx. \$119,500	Approx. \$119,500
Social Services, Dept.	GF - Revenue Gain	Approx. \$179,000	Approx. \$179,000

Note: GF=General Fund

#### ***Municipal Impact:***

<b>Municipalities</b>	<b>Effect</b>	<b>FY 19 \$</b>	<b>FY 20 \$</b>
Various Municipalities	Revenue Gain	Minimal	Minimal
Hartford	Grand List Expansion	None	Potential

### ***Explanation***

The bill makes several changes to statutes related to taxes and fees. A section by section summary is provided below.

**Section 1** increases, from 1.5% to 2.75%, the machinery rental surcharge rate. This results in a revenue gain of up to \$100,000 in FY 19 (partial year) and up to \$200,000 in FY 20 and annually thereafter.

**Section 2** requires the Office of Policy and Management (OPM) to conduct a cost-benefit analysis of existing property tax exemptions. To the extent that such cost-benefit analysis may require outside resources, there is a one-time cost to OPM to hire a consultant. Such cost range up to \$150,000, depending on the study's scope.

**Section 3** makes a technical change and has no fiscal impact.

**Sections 4 to 7** increase fees paid to municipalities for filing various documents, and also increases a fee paid to the state for filing marriage licenses.

The bill's provision regarding marriage licenses result in 1) a General Fund revenue increase of about \$300,000 (of which about \$179,000 would be retained by the Department of Social Services, and about \$119,000 would be retained by the Department of Public Health), and 2) a cumulative revenue gain across all municipalities of about \$96,300.

The bill results in an additional, minimal revenue gain to municipalities associated with other document filing fee increases. Such revenue gain would vary based on the number of documents filed in any given municipality.

**Section 8** prohibits certain common interest communities from being taxed as residential property in the City of Hartford. This results in a grand list expansion in the city, which results in a revenue gain, given a constant mill rate.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sHB 5591*****AN ACT CONCERNING THE MACHINERY RENTAL SURCHARGE RATE, CERTAIN MUNICIPAL FILING FEES, THE PROPERTY TAX EXEMPTION FOR CERTAIN PAINT MIXING MACHINERY AND EQUIPMENT AND CERTAIN RESIDENTIAL PROPERTY UNDER COMMON OWNERSHIP AND REQUIRING A STUDY OF EXISTING PROPERTY TAX EXEMPTIONS.*****SUMMARY**

This bill makes the following tax and fee related changes:

1. increases the fees municipalities must charge for various permits and filings;
2. increases, from 1.5% to 2.75%, the surcharge on rental machinery;
3. excludes certain common interest community and condominium units under common ownership from the types of property eligible for the residential assessment ratio under Hartford's property tax assessment law;
4. requires the Office of Policy and Management secretary to study existing property tax exemptions and analyze them on a cost-benefit and community-benefit basis and, by January 1, 2019, report his findings to the Planning and Development and Finance, Revenue and Bonding committees (§ 2); and
5. requires taxpayers claiming a property tax exemption for machinery and equipment used by retailers to color or mix paint for sale to apply to local assessors, on a form they prescribe, annually by November 1 (§ 3).

EFFECTIVE DATE: July 1, 2018, except the (1) rental surcharge is

applicable to machinery rented on or after July 1, 2018; (2) property tax assessment ratio is applicable to assessment years beginning on or after October 1, 2017; and (3) study provision is effective upon passage.

#### **§§ 4-7 — MUNICIPAL FEE INCREASES**

The bill increases the fees municipalities must charge for various permits and filings, as shown in Table 1.

**Table 1: Municipal Fee Increases**

<i><b>Fee Description</b></i>	<i><b>Current Law</b></i>	<i><b>Bill</b></i>
Liquor permit filing	\$2	\$20
Filing any document	5	10
Survey or map filing and indexing	10	20
Subdivision survey or map filing and indexing	20	30
Notary public: commission and oath recording	10	20
Notary public: character certification	2	5
Marriage license (including surcharge)	30	50
Cremation permit	3	5

#### **§ 1 — RENTAL MACHINERY SURCHARGE**

By law, the state imposes a surcharge on certain machinery rentals and requires rental companies to remit the surcharge collected during the year that exceeds the Connecticut property taxes and Department of Motor Vehicles registration and titling fees they paid on the equipment. The bill increases the surcharge from 1.5% to 2.75%.

By law, unchanged by the bill, the surcharge applies to (1) businesses generating at least 51% of their total annual revenue from rentals, excluding retail or wholesale sales of rental equipment and (2) rentals for less than 365 days or for an undefined period under an open-ended contract.

#### **§ 8 — HARTFORD PROPERTY TAX ASSESSMENT RATIO**

The law generally requires municipalities to assess all property at 70% of its fair market value (assessment ratio), but it requires any municipality that was implementing a special property tax relief program in the 2010 assessment year (i.e., Hartford) to make certain annual adjustments to its assessment ratio for residential property.

The bill excludes certain common interest community and condominium units from being taxed as residential property, thus increasing the assessment ratio on such property from the residential rate (currently 33.82%) to 70%. It applies to four or more units under “common ownership” in common interest communities and condominiums.

Under the bill, the units are under common ownership if more than 50% of their voting control is owned, directly or indirectly, by a common owner or owners (corporate or noncorporate). Indirect ownership is based on federal stock ownership laws.

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 47      Nay 4      (04/05/2018)